

HOUSE BILL NO. 650

INTRODUCED BY D. MOOD, TAYLOR

A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING FOR A CENTRALIZED FINANCIAL ASSISTANCE CENTER WITHIN THE DEPARTMENT OF COMMERCE; ESTABLISHING DUTIES RELATED TO INFORMATION EXCHANGE AND COORDINATION; REQUIRING THE DEPARTMENT OF COMMERCE TO REVIEW THE DEVELOPMENT AND ACTIVITIES OF THE FINANCIAL ASSISTANCE CENTER AND REPORT TO THE 58TH LEGISLATURE WITH RECOMMENDATIONS FOR EXPANDING OR MODIFYING THE PROGRAM; ELIMINATING CERTAIN UNFUNDED OR UNUSED LOAN AND GRANT PROGRAMS; AMENDING SECTIONS 17-6-305, 17-6-308, 20-25-1006, ~~60-11-111, 60-11-121, 60-11-123,~~ AND 90-6-305, MCA; REPEALING SECTIONS 17-6-501, 17-6-502, 17-6-503, 17-6-504, 17-6-505, 17-6-509, 17-6-510, 17-6-511, 17-6-512, ~~60-11-120,~~ 60-11-1101, 60-11-1102, 60-11-1103, 60-11-1104, 60-11-1105, 60-11-1106, 60-11-1107, 60-11-1108, 60-11-1109, 60-11-1110, 60-11-1111, 60-11-1112, 60-11-1113, 60-11-1201, 60-11-1202, 60-11-1203, 60-11-1204, 60-11-1205, 60-11-1206, 60-11-1207, 60-11-1208, 60-11-1209, 60-11-1210, 60-11-1211, 60-11-1212, 60-11-1213, ~~90-2-140, 90-2-141, 90-4-101, 90-4-102, 90-4-103, 90-4-104, 90-4-105, 90-4-106,~~ ~~90-4-109, 90-4-111, 90-4-112,~~ AND 90-6-306, MCA; AND PROVIDING AN EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

NEW SECTION. Section 1. Short title. [Sections 1 through 7] may be cited as the "Economic Development Financial Assistance Act".

NEW SECTION. Section 2. Purposes. The purposes of [sections 1 through 7] are to:

(1) provide a convenient, accessible, and comprehensive clearinghouse for information about available financial assistance offered by the state, including but not limited to loans, grants, and tax credits;

(2) provide financial assistance for the purpose of establishing financing for economic development activities; and

(3) streamline loan applications and maintain a central clearinghouse of information to ensure an

1 effective and timely response to the needs of individuals, the business community, and governmental
2 entities seeking state financial assistance.

3
4 **NEW SECTION. Section 3. Definitions.** As used in [sections 1 through 7] the following definitions
5 apply:

6 (1) "Center" means the financial assistance center provided for in [section 4].

7 (2) "Financial assistance" means loans, grants, and tax credits or incentive programs offered by
8 the state to facilitate economic development activities and infrastructure development, repair, or
9 replacement.

10
11 **NEW SECTION. Section 4. Financial assistance center -- department responsibilities.** (1) There
12 is a financial assistance center within the department of commerce.

13 (2) The center shall:

14 (a) compile and include a comprehensive list of all state financial assistance programs, including
15 but not limited to:

16 (i) eligible recipients;

17 (ii) conditions required for an award of a loan or grant;

18 (iii) limits on the amount of funds available;

19 (iv) application information; and

20 (v) lending or granting cycles;

21 (b) maintain and provide information related to nonstate loan and grant programs by cooperating
22 and coordinating with federal loan and grant programs, commercial lenders, and nonprofit economic
23 development lending organizations; and

24 (c) provide regular opportunities for financial institutions, loan and grant applicants, local economic
25 development organizations, business enterprises, and other federal, state, and local governmental entities
26 to review the center and provide advice and recommendations regarding the expansion or modification of
27 the center.

28 (3) The department shall:

29 (a) develop an internet website specifically designed to assist loan and grant applicants in
30 gathering information. The website must, at a minimum, contain the following features:

1 (i) a prominently placed world wide web link representing the financial assistance programs that
2 allows for multiple methods for website navigation;

3 (ii) a comprehensive list of the types of loans and grants available from the state, outlined by
4 agency, subject, area, or speciality; and

5 (iii) an agency-specific loan and grant list with appropriate links to personnel responsible for
6 administering the program;

7 (b) cooperate with the office of the secretary of state to ensure that rules governing electronic
8 transactions, digital signatures, and digital notary can be applied to electronic loan and grant applications;

9 (c) provide direct and individual service to interested applicants to ensure that:

10 (i) adequate information regarding eligibility requirements for financial assistance is received and
11 understood;

12 (ii) contacts and appointments are made with the various state agencies administering financial
13 assistance programs;

14 (iii) technical and professional assistance is provided to facilitate the accurate and timely
15 completion of business feasibility plans and financial assistance applications; and

16 (iv) periodic updates are provided to applicants regarding the status of financial assistance
17 applications and new or emerging financial assistance opportunities;

18 (d) develop a marketing plan to provide information about the center to individuals, commercial
19 financial institutions, local economic development organizations, business enterprises, and local
20 governments;

21 (e) coordinate with the department of revenue to provide:

22 (i) information related to applicable business licensing and registration requirements; and

23 (ii) relevant information related to tax credits and tax incentive programs for economic development
24 activities;

25 (f) collect and maintain a supply of loan and grant application forms and information for all state
26 loan and grants and actively assist interested applicants in answering application questions;

27 (g) collect and maintain a master list of state loan opportunities by type of loan, eligibility
28 requirements, lending cycles, and availability; and

29 (h) review rules, application forms and processes, and lending cycles of loan and grant programs
30 administered by other state agencies and make recommendations to those agencies related to the

1 development of uniform loan and grant requirements.

2 (4) The department may gather and disseminate information related to nonstate loan sources and
3 perform other administrative tasks delegated to the department to improve state lending processes and
4 loan and grant program administration.

5

6 **NEW SECTION. Section 5. Cooperation between state agencies and department -- dissemination**
7 **of information.** (1) State agencies administering financial assistance programs shall cooperate with the
8 department of commerce in providing information for the center.

9 (2) The department shall include all of the information received from other agencies in the center.

10

11 **NEW SECTION. Section 6. Information coordination.** (1) The department shall encourage and
12 invite the federal government, local governments, other political subdivisions, local economic development
13 corporations, and private financial institutions to make lending information available to the department of
14 commerce.

15 (2) The department may, when practical, provide persons with information from other lenders
16 when requested.

17

18 **NEW SECTION. Section 7. Rulemaking.** The department of commerce may adopt rules to:

19 (1) provide for uniform loan and grant applications, when appropriate;

20 (2) coordinate the announcement and marketing of available financial assistance programs that
21 are administered by other state agencies;

22 (3) provide for the specific requirements necessary to develop useful and logical navigation
23 pathways and cross-references for a financial assistance program internet website and a standard form
24 of internet links and access, consistent with the financial assistance program website, for individual agency
25 websites that administer financial assistance programs; and

26 (4) develop processes and procedures necessary to effectively implement the provisions of
27 [sections 1 through 7].

28

29 **Section 8.** Section 17-6-305, MCA, is amended to read:

30 **"17-6-305. Investment of up to twenty-five percent of coal tax trust fund in Montana economy**

1 -- **report by board.** (1) Subject to the provisions of 17-6-201(1), the board shall endeavor to invest up to
2 25% of the permanent coal tax trust fund established in 17-6-203(6) in the Montana economy, with
3 special emphasis on investments in new or expanding locally owned enterprises. Investments made
4 pursuant to this section do not include investments made pursuant to 17-6-309(2). For purposes of
5 calculating the 25% of the permanent coal tax trust fund, the board shall include all funds listed in
6 17-5-703(1). The portion of the permanent coal tax trust fund contained in portfolios formerly administered
7 by the Montana board of science and technology development ~~and administered by the department~~
8 ~~pursuant to part 5 of this chapter~~ is included in the 25% of the trust fund allocated to the board for
9 in-state investment under this section.

10 (2) In determining the probable income to be derived from investment of this revenue, the
11 long-term benefit to the Montana economy must be considered.

12 (3) The legislature may provide additional procedures to implement this section.

13 (4) The board shall include a report on the investments made under this section as a part of the
14 information required by 17-7-111."

15
16 **Section 9.** Section 17-6-308, MCA, is amended to read:

17 "**17-6-308. Authorized investments.** (1) Except as provided in subsections (2) through (4) and
18 subject to the provisions of 17-6-201, the Montana permanent coal tax trust fund must be invested as
19 authorized by rules adopted by the board.

20 (2) The board may make loans from the permanent coal tax trust fund to the capital reserve
21 account created pursuant to 17-5-1515 to establish balances or restore deficiencies in the account. The
22 board may agree in connection with the issuance of bonds or notes secured by the account or fund to
23 make the loans. Loans must be on terms and conditions determined by the board and must be repaid from
24 revenue realized from the exercise of the board's powers under 17-5-1501 through 17-5-1518 and
25 17-5-1521 through 17-5-1529, subject to the prior pledge of the revenue to the bonds and notes.

26 (3) The board shall manage the seed capital and research and development loan portfolios created
27 by the former Montana board of science and technology development. The board shall establish an
28 appropriate repayment schedule for all outstanding research and development loans made to the university
29 system. The board is the successor in interest to all agreements, contracts, loans, notes, or other
30 instruments entered into by the Montana board of science and technology development as part of the seed

1 capital and research and development loan portfolios, except agreements, contracts, loans, notes, or other
2 instruments funded with coal tax permanent trust funds. The board shall administer the agreements,
3 contracts, loans, notes, or other instruments funded with coal tax permanent trust funds. ~~Until the~~
4 ~~department makes a loan pursuant to the provisions of part 5 of this chapter, the \$915,000 in funds under~~
5 ~~its administration must be invested by the board pursuant to the provisions of 17-6-201.~~ As loans made
6 ~~pursuant to part 5 of this chapter~~ by the former Montana board of science and technology development
7 are repaid, the board shall deposit the proceeds or loans made from the coal severance tax trust fund in
8 the coal severance tax permanent fund until all investments are paid back with 7% interest.

9 (4) The board shall allow the Montana health facility authority to administer \$15 million of the
10 permanent coal tax trust fund for capital projects. Until the authority makes a loan pursuant to the
11 provisions of Title 90, chapter 7, the funds under its administration must be invested by the board
12 pursuant to the provisions of 17-6-201. As loans for capital projects made pursuant to this subsection are
13 repaid, the principal and interest payments on the loans must be deposited in the coal severance tax
14 permanent fund until all principal and interest have been repaid. The board and the authority shall calculate
15 the amount of the interest charge. Individual loan amounts may not exceed 10% of the amount
16 administered under this subsection.

17 (5) The board shall adopt rules to allow a nonprofit corporation to apply for economic assistance.
18 The rules must recognize that different criteria may be needed for nonprofit corporations than for for-profit
19 corporations.

20 (6) All repayments of proceeds pursuant to subsection (3) of investments made from the coal
21 severance tax trust fund must be deposited in the coal severance tax permanent fund."

22

23 **Section 10.** Section 20-25-1006, MCA, is amended to read:

24 **"20-25-1006. Motorcycle safety training course -- tuition.** (1) The board of regents may prescribe
25 tuition rates for the motorcycle safety training courses. The tuition collected must be deposited in the state
26 motorcycle safety account, as provided in 20-25-1002.

27 (2) The board of regents may delegate authority to a unit of the university system to conduct
28 motorcycle safety training courses and to approve instructors of motorcycle safety training.

29 (3) State agencies and subdivisions of the state may provide facilities, such as classrooms and
30 outdoor paved areas or other resources, for conducting motorcycle safety training courses.

(4) Subject to the availability of funds, the board of regents may pay for construction, repair, or purchases or award grants from the state motorcycle safety account to provide facilities for motorcycle safety training courses."

~~Section 11. Section 60-11-111, MCA, is amended to read:~~

~~"60-11-111. Identification and acquisition of railroad rights-of-way -- identification of railroad lines~~

~~for rehabilitation. (1) Identification of those railroad lines proposed for abandonment in the state of Montana that may have potential for local transportation service or future use as transportation corridors is necessary to determine the feasibility of acquisition by the state and to allow the state to negotiate for acquisition of those railroad lines or easements in the lines.~~

~~(2) Identification of those railroad branch lines in the state that may have potential for local rail freight transportation service is necessary to determine the feasibility of providing loans or grants to the owner or operator of the railroad line as provided in 60-11-120.~~

~~(3)(2) The department of transportation:~~

~~(a) shall identify railroad rights-of-way in this state that may be abandoned and research the feasibility of acquisition by the state of Montana of those rights-of-way that may be abandoned;~~

~~(b) shall identify, under the state rail planning program, railroad branch lines that should be preserved for continued operation;~~

~~(c) may negotiate for and acquire easements in the rights-of-way or the railroad rights-of-way and attendant facilities identified pursuant to subsection (3)(a) (2)(a) and:~~

~~(i) hold all acquired lands in trust for transportation purposes; and~~

~~(ii) upon creation of an appropriate local authority, other than an agency of state government, shall transfer to the local authority all attendant facilities and all rights and responsibility to operate and maintain transportation services over the lands acquired in subsection (3)(c) (2)(c); and~~

~~(d) shall cooperate with and assist persons representing recreational, transportation, and utility interests and other interested persons, including adjacent landowners, in acquiring ownership or easement of abandoned railbeds; and~~

~~(e) shall establish procedures, including the use of federal funds received for rail freight assistance programs under 49 U.S.C. 1654, for providing loans and grants under 60-11-120.~~

~~(4)(3) Abandoned rights-of-way acquired and held in trust pursuant to subsection (3)(c)(i) (2)(c)(i)~~

1 must be administered by the department of natural resources and conservation, as prescribed in Title 77,
2 until the land is needed for transportation purposes."

3
4 ~~Section 12.~~ Section 60-11-121, MCA, is amended to read:

5 ~~"60-11-121. Legislative findings.~~ (1) The legislature finds that it is in the interests of the state of
6 Montana to preserve and encourage, whenever possible, Montana's railroad transportation infrastructure,
7 especially:

8 ~~(a) those railroads classified as Class III carriers under 49 CFR, chapter X, that operate mainly~~
9 ~~within the state; and~~

10 ~~(b) those railroads within the state that are eligible for rail freight assistance programs under 49~~
11 ~~U.S.C. 1654.~~

12 ~~(2) The legislature further finds that:~~

13 ~~(a) the railroad transportation infrastructure of the state is enhanced by the development and~~
14 ~~improvement of intermodal transportation facilities by port authorities created under Title 7, chapter 14,~~
15 ~~part 11; and~~

16 ~~(b) abandonment of railroad branch lines and the increased demands for shipping have a negative~~
17 ~~impact on the highways of the state.~~

18 ~~(3) The legislature further finds that the preservation of those railroads described in subsection~~
19 ~~(1)(b) and the development and improvement of intermodal transportation facilities are necessary to~~
20 ~~enhance access to markets, to mitigate rural isolation and long-term negative impacts on the highways of~~
21 ~~the state, and to promote the efficiency and effectiveness of the state's transportation system.~~

22 ~~(4) The legislature declares that loans and grants made available under 60-11-120 to railroads and~~
23 ~~to port authorities are in the interest of the state."~~

24
25 ~~Section 13.~~ Section 60-11-123, MCA, is amended to read:

26 ~~"60-11-123. Disposition of revenue from state-owned railroads -- use of money.~~ (1) Unless
27 otherwise required by law, revenue from the lease or sale of assets of or revenue paid to the state of
28 Montana by an operator of a railroad owned by the state of Montana must be deposited in the state
29 general fund:

30 ~~(2) The department of transportation is authorized to administer, as provided in 60-11-120 through~~

~~60-11-123, funding available to provide for improvement of railroad tracks and associated facilities of any state-owned railroad in Montana and to provide loans and grants to railroad lines and intermodal transportation facilities as provided in 60-11-120."~~

Section 11. Section 90-6-305, MCA, is amended to read:

"90-6-305. Hard-rock mining impact board -- general powers. (1) The board may:

(a) retain professional staff, including its administrative staff, and retain consultants and ~~advisors~~ advisers, notwithstanding the provisions of 2-15-121;

(b) adopt rules governing its proceedings, determinations, and administration of this part;

(c) ~~award grants to local government units subject to 90-6-306;~~

~~——(d)~~ make payments to local government units from money paid to the hard-rock mining impact account as provided in 90-6-307;

~~(e)(d)~~ make determinations as provided in 90-6-307, 90-6-311, and 90-6-403(3); and

~~(f)(e)~~ accept grants and other funds to be used in carrying out this part.

(2) The provisions of the Montana Administrative Procedure Act apply to the proceedings and determinations of the board."

NEW SECTION. **Section 12. Repealer.** Sections 17-6-501, 17-6-502, 17-6-503, 17-6-504, 17-6-505, 17-6-509, 17-6-510, 17-6-511, 17-6-512, ~~60-11-120~~, 60-11-1101, 60-11-1102, 60-11-1103, 60-11-1104, 60-11-1105, 60-11-1106, 60-11-1107, 60-11-1108, 60-11-1109, 60-11-1110, 60-11-1111, 60-11-1112, 60-11-1113, 60-11-1201, 60-11-1202, 60-11-1203, 60-11-1204, 60-11-1205, 60-11-1206, 60-11-1207, 60-11-1208, 60-11-1209, 60-11-1210, 60-11-1211, 60-11-1212, 60-11-1213, ~~90-2-140, 90-2-141, 90-4-101, 90-4-102, 90-4-103, 90-4-104, 90-4-105, 90-4-106, 90-4-109, 90-4-111, 90-4-112~~, and 90-6-306, MCA, are repealed.

NEW SECTION. **Section 13. Department of commerce program review.** The department of commerce shall review the activities of the financial assistance center and all financial assistance programs administered by the state and develop recommendations for the 58th legislature identifying options for consolidation of financial assistance programs into a single agency.

1 NEW SECTION. **Section 14. Codification instruction.** [Sections 1 through 7] are intended to be
2 codified as an integral part of Title 90, chapter 1, part 1, and the provisions of Title 90, chapter 1, part
3 1, apply to [sections 1 through 7].

4

5 NEW SECTION. **Section 15. Effective date.** [This act] is effective July 1, 2001.

6

- END -